

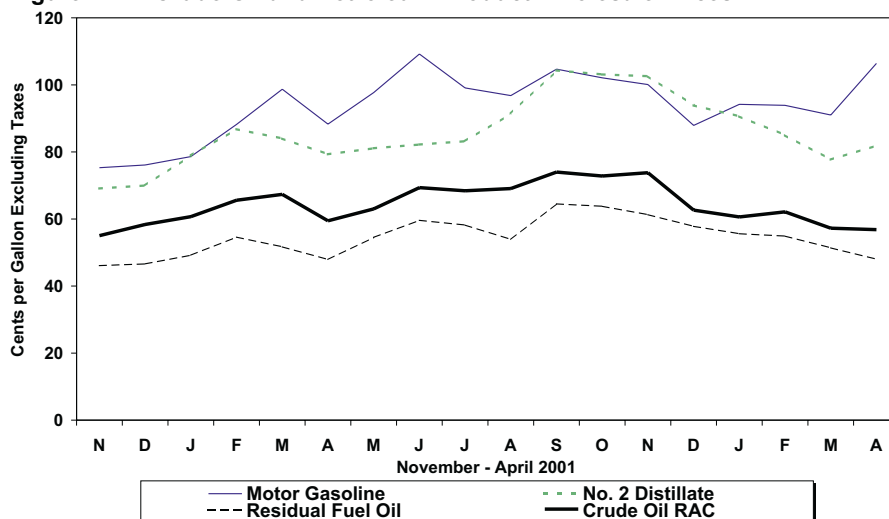
Highlights

World crude oil prices rose moderately during April. Fast-growing gasoline prices in the U.S. acted as a motivating factor, and to a lesser extent, rising demand for crude oil as scheduled refinery maintenance in the United States wound down also supported the upward trend in prices. Despite the rise in demand, data indicating increases in crude oil stockpiles in Atlantic basin markets tempered the upward trend for prices. The Organization of Petroleum Exporting Countries (OPEC) decision to cut wellhead production by 1 million barrels per day starting April 1 appeared to have little immediate impact on prices. Representatives for the group reiterated their intention to follow the guidelines of the price band mechanism, in which production quotas will automatically drop 500,000 barrels per day if the price of a reference basket of crude oil streams falls below \$22 per barrel for 10 days. Additionally, reports that OPEC is not inclined to increase production quotas during its quarterly meeting in June supported prices during the latter part of the month. However, lingering concern from market players about the impact of slowing world economies on demand rates remained a factor and contributed a low-level dampening effect on prices.

In the United States, fundamental factors including inventory levels, refinery activity, and demand took center stage as the principal issues affecting crude oil and finished product prices during April. Weekly stock reports showing crude oil inventories rising and moving firmly into the normal range for this time of year, influenced prices. The increase in supply subdued the effect of issues such as a threatened strike by Venezuelan oil workers and the OPEC production cut that took effect at the beginning of the month. Conversely, stock levels of gasoline, particularly reformulated gasoline, (RFG) spurred

prices sharply upward throughout regional markets. Concern about the adequacy of supplies, which have been below average since October 2000, to meet demand during the coming driving season sent prices drastically higher in regional markets across the country. Monthly supply data show gasoline stocks to be 5.8 percent lower than last year at this time, with RFG stocks registering a 6.3 percent decline. A comparison of April 2001 to last April's spot market prices at New York Harbor illustrates the situation. The April 2000 monthly average price was 72.9 cents per gallon compared with 94.7 cents per gallon in April 2001, a difference of nearly 22 cents. Although the refinery utilization rate rose throughout the month, some refineries that had undergone scheduled maintenance experienced delays restarting production units. Many turnarounds were delayed from last fall due to supply concerns at that time. In addition, unanticipated refinery outages due to mishaps at several facilities affected gasoline prices, particularly in California. As a result, the Los Angeles spot market price for reformulated

Figure HL1. Crude Oil and Petroleum Product Wholesale Prices



Sources: Energy Information Administration. Crude oil refiner acquisition cost: Form EIA-14, "Refiners' Monthly Cost Report"; petroleum product prices: Form EIA-782A, "Refiners'/Gas Plant Operators' Monthly Petroleum Product Sales Report."

gasoline ranged between \$1.255 and \$1.410 per gallon. Distillate prices were comparatively calm since supplies were seen as adequate to meet springtime agricultural demand.

Additional April market and sales activity for crude oil and the principal petroleum products are summarized in the following sections.

Crude Oil

At Cushing, Oklahoma, the daily spot price for West Texas Intermediate (WTI) crude oil followed a somewhat varied course during April. After opening the month at \$26.37 per barrel, the price dipped below \$26 per barrel for first time since April of last year before moving back to an upward path. Supported by sharply rising gasoline prices, the WTI price rose firmly during the next few weeks, hitting the high of \$28.81 per barrel on April 16. The price began to decline as stocks reports gave evidence of increases that lifted inventories firmly back within the average range. The month's low, \$25.24 per barrel was reached on April 24. A small, unexpected decline in stocks reported during the final week of the month drove the price higher, leading it to close at \$28.48 per barrel, more than \$2 per barrel higher than where it began April.

- April monthly average prices for crude oil show only small changes from March levels. The average domestic crude oil first purchase price rose 64 cents (2.8 percent), to \$23.66 per barrel.
- The average free-on-board (f.o.b.) cost of imported crude oil increased 44 cents (2.1 percent), to \$21.35 per barrel. The average landed cost of foreign crude oil declined 15 cents (0.7 percent), to \$22.72 per barrel.
- The average refiner acquisition cost for domestic crude oil fell 52 cents (2.0 percent), to \$25.12 per barrel. The average cost of imported crude oil to U.S. refiners barely changed, dropping only 2 cents (0.1 percent), to \$22.99 per barrel. The composite refiner acquisition cost for crude oil fell 18 cents (0.7 percent), to \$23.87 per barrel.

Petroleum Products

Motor Gasoline

At New York Harbor, the daily spot price for regular gasoline soared under pressure from mounting concerns about the sufficiency of supplies to meet demand during the approaching driving season. After opening at its lowest point, 80.0 cents per gallon, the price immediately began a steep rise driven by reports of extended periods of maintenance at several key gasoline production facilities. The price remained at high levels through the rest of the month as additional reports of difficulties at various refineries in the U.S. and abroad sustained concerns regarding the balance between gasoline supply and demand during the summer months ahead. The price closed at 99.2 cents per gallon, more than 19 cents higher than where it began April.

- National average gasoline prices rose substantially in April. The average price for retail sales of motor gasoline by refiners increased 13.8 cents to \$1.176 per gallon. The average wholesale price jumped 15.4 cents to \$1.064 cents per gallon. Including data reported by a sample of motor gasoline marketers, the national average retail price at company-operated retail outlets increased 14.1 cents to \$1.167 per gallon. The average wholesale price climbed 15.2 cents to \$1.065 cents per gallon. The average dealer tank wagon (DTW) price rose 12.9 cents to \$1.124 cents per gallon, while the average rack price gained 17.3 cents, rising to \$1.055 cents per gallon. The average price for bulk sales increased 11.7 cents to 97.2 cents per gallon. Reformulated gasoline prices were higher than conventional gasoline prices by 10.2 cents at retail and 12.3 cents at wholesale. Oxygenated gasoline prices were 8.4 cents higher than conventional gasoline prices at retail and 9.0 cents at wholesale.
- Total refiner sales of gasoline increased 5.6 million gallons per day in April (1.6 percent), to an average of 366.6 million gallons per day. Retail sales declined slightly, falling 500,000 gallons per day (0.8 percent), while wholesales rose 6.1 million gallons per day (2.0 percent). Rack sales accounted for 66.1 percent of wholesales, while DTW and bulk sales made up 22.7 percent and 11.2 percent, respectively. Reformulated gasoline (RFG) made up 32.2 percent of total motor gasoline sales, while oxygenated gasoline accounted for 2.4 percent.

No. 2 Distillate

The daily spot price for No. 2 heating oil at New York Harbor began April on an upward course as cold temperatures were forecast for the eastern part of the country. After opening at 75.0 cents per gallon, it immediately dropped to its low of 72.2 cents per gallon on April 2. After period of steady gain, the price reached to its high of 85.1 cents per gallon on April 12. Following the long Easter weekend, the price declined firmly, following the lead of crude oil prices and influenced by market sentiment that distillate supplies were sufficient to meet spring agricultural demand. Closing at 74.5 cents per gallon, the price was more than 5 cents lower than April's, virtually the same as its opening level.

- No. 2 distillate prices increased moderately in most categories during April. The national average residential price for No. 2 distillate declined 2.5 cents to \$1.269 per gallon. The average wholesale price rose 4.0 cents to 82.4 cents per gallon. The average price for No. 2 diesel fuel increased 3.3 cents at company-operated retail outlets, while the average wholesale price climbed 4.5 cents. The difference between low- and high-sulfur diesel fuel prices was 2.9 cents at retail and 3.3 cents at wholesale.
- Total sales of No. 2 distillate fell 7.6 million gallons (4.8 percent), to 151.9 million gallons per day in April. Sales of No. 2 fuel oil declined 5.2 million gallons per day (16.3 percent), while sales of No. 2 diesel fuel dropped 2.4 million gallons per day (1.9 percent). Low-sulfur diesel fuel formed 83.5 percent of all refiner diesel fuel sales, and 68.7 percent of all refiner No. 2 distillate sales.

Residual Fuel Oil

- For the most part, residual fuel oil prices fell in April. Refiner prices for low-sulfur residual fuel declined 2.3 cents to 63.8 cents per gallon at retail, but barely changed at wholesale, rising 0.1 cent to 57.3 cents per gallon. The average price for high-sulfur residual fuel at retail fell 4.0 cents to 48.8 cents per gallon, while the wholesale price dropped 6.0 cents to 41.8 cents per gallon. Including data reported by a sample of residual fuel oil marketers, the average low-sulfur residual fuel oil price fell 1.7 cents to 63.5 cents per gallon at retail, and 2.5 cents to 57.3 cents per gallon at wholesale. Prices for high-sulfur residual fuel oil declined 4.3 cents to 49.3 cents per gallon at retail, and 5.2 cents to 42.9 cents per gallon at wholesale.
- Total sales of residual fuel oil sales by refiners decreased approximately 900,000 gallons per day (3.3 percent), to 26.0 million gallons per day in April. Low-sulfur residual fuel sales declined 900,000 gallons per day (9.5 percent), while high-sulfur residual fuel oil sales rose 100,000 gallons per day (0.6 percent).

Other Products

- Prices for products included in this section mostly decreased in April. Refiner propane prices fell 0.6 cent per gallon at retail and 2.1 cents at wholesale. Including data from a sample of propane marketers, the average residential propane price declined 4.7 cents per gallon. The average retail and wholesale prices for propane fell 5.7 cents and 2.4 cents, respectively. Prices for kerosene, kerosene-type jet fuel, and No. 4 distillate fell at both levels while prices for aviation gasoline and No. 1 distillate increased at both levels.
- Refiner sales of propane, kerosene-type jet fuel, kerosene, No. 1 distillate, and No. 4 distillate declined at both retail and wholesale during April, while sales of aviation gasoline rose at both levels.

Table HL1. U.S. Refiner Prices and Volumes of Petroleum Products

(Prices: Cents per Gallon Excluding Taxes, Volumes: Million Gallons per Day)

Products	Sales to End Users						Sales for Resale					
	April 2001		March 2001		April 2000		April 2001		March 2001		April 2000	
	Price	Volume	Price	Volume	Price	Volume	Price	Volume	Price	Volume	Price	Volume
Motor Gasoline	117.6	62.7	103.8	63.2	108.7	59.7	106.4	303.9	91.0	297.8	88.3	308.1
Conventional	113.4	36.7	98.6	36.8	103.4	36.4	102.0	203.1	85.8	195.3	82.8	203.8
Regular	110.4	28.0	95.3	27.7	99.9	27.2	100.3	167.4	84.0	158.2	81.1	167.2
Midgrade	119.7	4.9	105.3	5.0	110.5	5.2	106.4	12.6	90.0	12.6	87.9	12.9
Premium	127.0	3.8	113.3	4.1	118.2	4.0	111.7	23.1	95.0	24.4	92.1	23.7
Oxygenated	120.8	1.9	106.7	2.6	109.9	1.9	110.3	7.0	97.4	8.5	96.4	7.0
Regular	118.6	1.6	104.5	2.2	108.0	1.5	108.8	5.6	96.0	6.6	95.8	5.5
Midgrade	128.9	0.2	112.6	0.3	115.1	0.2	113.4	0.9	97.8	1.1	92.8	1.0
Premium	136.9	0.1	122.4	0.2	125.0	0.1	120.4	0.5	109.0	0.7	110.1	0.5
Reformulated	123.8	24.1	111.5	23.7	117.6	21.5	115.7	93.8	101.4	94.0	99.3	97.3
Regular	120.1	17.3	107.4	16.8	113.8	15.4	113.1	70.3	98.9	69.8	96.2	72.0
Midgrade	130.0	3.5	117.8	3.5	123.8	3.2	119.5	7.9	105.5	8.1	107.6	8.7
Premium	137.1	3.2	125.1	3.4	130.8	2.8	125.3	15.6	109.9	16.1	108.6	16.6
Aviation Gasoline	132.8	0.2	124.5	0.2	130.7	0.1	140.5	0.6	129.3	0.5	124.8	0.6
Kerosene-Type Jet Fuel	80.8	51.9	81.1	52.0	78.0	48.9	79.5	12.1	80.5	12.9	77.7	16.5
Propane (Consumer Grade)	57.0	2.7	57.6	4.1	NA	3.3	58.0	25.3	60.1	36.2	48.8	26.1
Kerosene	100.5	0.2	112.8	0.2	99.6	0.1	83.0	1.2	83.6	2.2	77.3	2.2
No. 1 Distillate	89.9	0.2	89.7	0.4	93.0	0.2	96.3	0.4	90.2	1.1	87.3	0.4
No. 2 Distillate	86.2	27.3	84.5	27.9	84.6	25.1	81.9	124.6	77.7	131.6	79.3	114.2
No. 2 Fuel Oil	86.1	2.9	86.6	3.5	81.7	2.7	79.2	23.9	76.3	28.5	76.4	20.0
No. 2 Diesel Fuel	86.2	24.4	84.2	24.4	84.9	22.4	82.6	100.7	78.1	103.1	79.9	94.2
Low Sulfur	88.7	16.8	85.9	17.0	87.8	15.0	83.1	87.6	78.5	88.2	80.7	81.2
High Sulfur	80.8	7.6	80.4	7.4	78.9	7.4	79.1	13.1	75.4	14.9	75.0	13.0
No. 4 Fuel^a	68.9	0.4	73.1	0.5	66.1	0.2	69.4	0.1	71.2	0.2	63.2	0.2
Residual Fuel Oil	53.1	16.8	57.3	16.4	54.7	11.3	48.0	9.2	51.4	10.5	47.9	13.3
Sulfur Content not > 1 %	63.8	4.9	66.1	5.5	65.1	2.0	57.3	3.7	57.2	4.0	52.3	6.0
Sulfur Content > 1 %	48.8	12.0	52.8	10.9	52.5	9.3	41.8	5.5	47.8	6.5	44.3	7.4

NA = Not available.

^a Includes No. 4 fuel oil and No. 4 diesel fuel.

Notes: Motor gasoline averages and totals prior to October 1993 include leaded gasoline.

Notes: Values shown for the current month are preliminary. Values shown for previous months are revised. Data are final upon publication in the *Petroleum Marketing Annual*.

Source: Energy Information Administration Form EIA-782A, "Refiners'/Gas Plant Operators' Monthly Petroleum Product Sales Report."

